

Approved For Release 2004/07/08 : CIA-RDP82-00457R004400320007-8

# INFORMATION REPORT

CD NO.

COUNTRY China

**CONFIDENTIAL**

DATE DISTR. 1 MAR 50

SUBJECT      Agricultural Taxes in Kwangtung Province

NO. OF PAGES 1

25X1

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NO. OF ENCLS.  
(LISTED BELOW)

DATE OF INFO.

SUPPLEMENT TO  
REPORT NO.

25X1

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1. The tax policy of the Kwangtung Communist Government in rural areas is characterized by a basic tax consisting of a fixed levy on farm production assessed at a uniform rate, plus "special assessments" levied on a graduated scale. Those areas having a higher rate of production are being taxed proportionately higher.
  2. A thorough study made of one village community four miles from Canton showed that 1,100 persons tilled 84 acres of land, and that 30 percent of the land was devoted to vegetables, 10 percent to fruit and 60 percent to rice. The rice crop is consumed by the cultivators and the fruit and vegetable crops are sold in Canton. The proceeds of these sales purchase rice to make up the deficit between what is grown locally and what is required by the community, and when this requirement is met there is frequently a surplus remaining which gives the community a higher standard of living than the average farm community in Kwangtung.
  3. After the occupation of Canton, the standard twenty-five percent levy was assessed on the village grain crop. In addition to this levy, the village was required to sell all its vegetables to the occupation forces at 20 percent of the current market rate, and payment was made in People's currency which was depreciating rapidly. The losses accruing to the individual cultivator from these transactions were met from clan funds. When the vegetable harvest was completed, the vegetable fields were planted with grain.
  4. This pattern was repeated in all farm communities in the immediate neighborhood of Canton and in areas of Kwangtung where Communist garrisons were situated. As a result of these special assessments the villages were unable to support their normal populations, and a considerable number of farmers moved into the cities in order to maintain a living. Fruits and vegetables have generally been in such short supply that their prices have been beyond the means of the average urban resident, and this deficiency will be accentuated sharply in months to come.

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